

House Committee on Homeland Security's
Subcommittee on Management, Integration and Oversight

"9/11 Federal Assistance to New York:
Lessons Learned in Fraud Detection, Prevention and Control"

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It is an honor to be given the opportunity to testify in front of the House Committee on Homeland Security's Subcommittee on Management, Integration and Oversight. I would especially like to thank Chairman Rogers and his impressive staff for inviting me here today. The work you do in overseeing the Department of Homeland Security is vital to ensuring that our nation's protectors remain focused and prepared for the threats our country faces.

Today we are not here to talk about these threats, though they remain constant and require our continued vigilance. Today we are here to talk about our response when these threats strike, and how to more effectively deploy aid to those in need.

A quick note; while I am a co-founder of Families of September 11, today I speak as a daughter of a 9/11 victim. My views are my own and have not been voted on or endorsed by the Families of September 11 board of directors, of which I am a member.

There are three things that I believe responders need to keep in mind when trying to eliminate fraud and inappropriate use of funds for terrorism victims. First, we have to recognize that in the United States today, "family" is not just the traditional husband, wife and 2.5 kids. There are couples who never married, but have made lifelong commitments to each other; re-married fathers, with children from both a current and previous marriage. There are young workers who support their elderly parents and disabled siblings. When administering aid, an organization or government agency has to be able to take non-traditional familial structures into account.

Accordingly, if an aid organization advertises that it is collecting and distributing donations for disaster victims, it must abide by its promotions. The agency cannot choose which subset of victims to support after the fact. If they advertise to help all victims, they must help all victims.

Another issue that must be addressed is how a recipient can monitor and report fraud. Those who are collecting aid and managing the flow of funds for their family are in the best position to identify when something is amiss, but oftentimes, at least in the majority of cases after 9/11, there was no way for the head of household to know who else was applying for, and receiving aid in the name of the victim. Information should be available to the victims and their family representative, not held in secret by the agencies that are unequipped to handle the tremendous influx of requests and inquiries.

Lastly, any type of aid distribution should go through an opt-in database system, not one that is opt-out. That is, let the families decide who sees their personal financial information and which groups they would like to apply to for aid, instead of automatically giving their private information to all aid organizations that then decide which programs they are eligible for. This process will also help families detect and prevent fraud in their loved one's name. The opt-in system should be used in concert with a single application, instead of the system used after 9/11, when each aid agency had its own application that required hours of duplicating efforts from the families the aid was supposed to help.

These three issues became clear to me after my personal experiences with post-9/11 aid. My mother, Judy Larocque, was the CEO of Market Perspectives, a small market research firm employing approximately 20 people in Framingham, MA, my hometown seventeen miles west of Boston. Mom was 50 in September 2001, about to turn 51 on October 27th. She had two daughters; my older sister, Danielle, who at the time lived in Chicago, and me.

Mom's dream was to get both her daughters back home after we left Massachusetts for college in California. In the fall of 2001, it looked like her dream was going to come true. On Labor Day weekend, Danielle and her boyfriend, now husband Ross, came to Boston to visit. I took Mom to a Red Sox-Yankees game, we ate lobster and steamers, and we enjoyed a peaceful weekend spending time together. When Danielle and Ross left to return to Chicago, Ross told Danielle he thought he could definitely live in Boston. Mom and I were ecstatic.

On September 10th, Mom was as proud as ever. Danielle taught her first class as an adjunct professor at Northwestern Law School that day, and Mom beamed. When I called her late that night, I woke her up. Even in her sleepy state, the first question she asked me was "Did you call and congratulate your sister?" Of course the answer was yes. We were as close as any mother and daughters can be. Mom made sure of that. Whenever Danielle and I fought, she made us hug, and told us "you are always going to be sisters, that will never change".

That bond became even stronger after 9/11. There are not words to describe the pain and grief of losing Mom, my best friend, my confidant, my comforter, my rock. We all know of the horrors of that day, September 11, 2001, so I will not go into that any further. Instead, I will focus on the troubles we encountered after 9/11.

Immediately, we began to understand that the methods in place to deal with victims' families are not made for today's familial structure. Mom was recently divorced, and since Danielle and I were not considered dependents, Mom was treated as a single woman with no children. I cannot even begin to imagine how furious that designation would make her.

American Airlines was the first organization we came in contact with that treated us differently. They kept me on hold for hours, never confirming Mom was on Flight 11. At one point, I remember thinking that she could not have been on that flight, because an airline would not treat victims' family members this poorly. Unfortunately, I was wrong on multiple counts.

When Danielle asked for help in getting home to Boston from Chicago, the American Airlines representative gave her the number for Amtrak, and told her that the trains were all booked. We then learned that Mom's name was released to the media sometime in the afternoon of 9/11, even though we had expressly asked American Airlines not to give out her name.

Only later did we find out that there was a lot of information we were not told about. There was a meeting at Logan Airport on the morning of the 12th that we were not invited to. The only explanation for the omission was that we were not considered immediate family, though we can never really know if that is why information was kept from us.

Perhaps all of this would have been different had Mom had a husband. Instead, she had two daughters in their twenties, trying their best to handle her affairs, but not considered her children by aid agencies and the like.

As we struggled with that hurdle, we also learned that the specifics of her murder were being taken into account, without our prior knowledge, to determine if her family was eligible for aid. To prevent improper practices, organizations need to make clearer their criteria and procedures ahead of time to ensure all families receive appropriate treatment.

This lesson became apparent in the American Red Cross' decision not to give aid to the families of those who loved ones perished on the four planes. They claimed that the airlines' legal obligations would be substantial enough to help those families. They did this without alerting the public, all the while collecting donations in the name of the "9/11 victims and their families".

The ramifications of this decision may not be immediately apparent, but they were severe. Suddenly, many of Mom's friends who donated to the American Red Cross asked us about the aid we were getting to help pay Mom's mortgage on our childhood home. When I had to tell them we were not eligible for the aid, they became angry, frustrated, and wanted me to provide the explanation.

It seemed that everywhere we went, we saw solicitations for the American Red Cross. It was incredibly painful to feel like a second-class victim's family member, as if we were not good enough for the generosity that the American public put forth. When we went to Framingham's Town Hall to get copies of our birth certificates to apply for Mom's death certificate, we were faced with another reminder of our low status. There on the counter was an appeal to help the victims in New York and Washington by giving to the Red Cross. When we asked if the woman at the counter knew there were victims right here at home, her eyes welled with tears.

Families need to be accepted as what they are. When an ad is placed saying an organization is raising money to help victims' families, it must either specify which type of families, or be open to all affected families. To this day, all the scholarship money that was raised for the "children" of 9/11 victims only goes to dependent children of a certain age. I was a 27-year-old daughter of a 9/11 victim, but was deemed ineligible for any 9/11-related scholarships or aid when I began graduate school in 2002. I may not be what most considered when they donated money for 9/11 children, but there is no doubt in my mind, nor would there be in my mother's, that I lost a parent on 9/11.

As a co-founder of Families of September 11, a national organization of 9/11 victims' family members, survivors and concerned members of the public, I heard the stories of many non-traditional family members who fell through the cracks of aid organizations in the months following 9/11. There were the engaged, some of whom were supposed to be married only four days after the attacks, who were not eligible for most types of aid. I remember vividly speaking with a woman whose ex-husband had remarried before he was killed on 9/11, so that the new wife received all of the aid. The problem occurred because the man had fathered children with both women, and the first wife was unable to collect money to help her young son. The story of a couple who chose not to marry, but lived together for seventeen years comes to mind, with the

victims' parents getting aid, but not the partner who was left with bills and a mortgage. This scenario was played out over and over again with many of the gay and lesbian victims whose partners were left with no legal and varying social status to receive aid.

Aid organizations must recognize the differing aspects of American families as we know them today. They must be flexible and accommodating. To its credit, the American Red Cross and United Way did finally come around and begin to help non-traditional families. But this change came only after tremendous pressure. It should not be the responsibility of the victims to have to actively lobby those who are purporting to help them. Instead, the aid organizations should welcome their input and act on it, not resist it until Bill O'Reilly or his counterparts repeatedly attack their practices on national television.

The Department of Homeland Security (DHS) could play a crucial role in solving this problem. Currently, there is no Office of Victim Assistance in DHS, which means that while there are lots of people thinking about how to deal with preventing and immediately responding to a disaster, there is no one trained to deal with the people a disaster might affect. If DHS has trained professionals on hand who specialize in assisting disaster victims, perhaps the good people at American Airlines and other corporations can leave victim support to those better suited.

The designation of who is eligible for aid, and who is not often walks a thin line. We are all aware of the reports of limousine drivers and mistresses who racked in large sums of money from aid organizations because they were able to prove, however tenuously that they suffered losses after 9/11. But there are some programs, and some individuals for whom this designation is crystal clear. What is less precise, however, is how to identify and respond to them.

After Congress created the Victim Compensation Fund (VCF), families were faced with a difficult decision: should they give up their right to pursue litigation against those liable in their loved one's death in order to receive an unknown amount of money from the government? This was made even more difficult by the fact that when the regulations for the VCF were finalized, there was strong resistance in Washington against any type of in depth investigation into the 9/11 attacks. How could a family decide whether or not to pursue litigation, when we had no way of knowing what really went wrong?

For Danielle and me, however, this decision was simple. We knew that we had to pursue litigation in order to get to the truth, and therefore do our part to ensure that what happened to Mom and nearly three thousand others would never happen again. If the airlines, security companies and others had been forthcoming, we might have chosen differently, but based on their secretive behavior, we felt it was our obligation to shed light on the truth in our call for accountability.

There was someone who did not share our sentiments. He wanted to collect money, and was not interested in seeking the truth. His name is Wayne Larocque, and he is Mom's ex-husband.

One day while on the phone with an attorney and my sister, I decided to look at the list the Department of Justice had created of those who had applied for the fund. At the time I was President of Families of September 11, and I felt an obligation to do what I had advised our

members to do; stay informed, be diligent, and make sure no one was fraudulently applying to the VCF in your loved one's name.

When I saw Wayne's name on the list, applying on behalf of Mom, I was shocked. That disbelief soon turned to action, and Danielle and I quickly contacted VCF officials. As I understood it, Wayne applied, and in his application, he failed to mention that Mom had two daughters who were her legal next of kin.

We were not allowed to see Wayne's application, although we did contact the proper authorities to ensure that Mom's rights, and our own were not violated and that no fraud was ultimately committed. His application could have jeopardized our participation in a lawsuit; the airlines have tried to have any family that even minimally applied to the VCF thrown out of the pending litigation.

Even today, I have no way of knowing what other money Wayne applied for and received. Perhaps there is none. But if he was willing to go the trouble of filling out the VCF form (which was much more involved than most aid applications), I can only imagine how easy it might have been for him to collect other money. Without having access to information regarding who applied for and received money in Mom's name, I can have no way of knowing if any fraud was committed, and therefore cannot report and deter it.

There are systems that are very exact when determining how to compensate victims' families. Worker's compensation for example, does a terrific job of knowing exactly how much each family gets, and to whom it goes. I know this, since we were not eligible for worker's compensation aid, but Mom's mother, my grandmother, was. Based on my experiences with it, I feel very confident that little to no fraud got through the their system, nor the system the Social Security program uses. I do not believe it is too much to ask aid agencies to have some sort of system that could allow a victims' family to know who is asking for and receiving aid in a victim's name, in an effort to curb fraud. In the case of the VCF, this type of transparency clearly worked.

This database should be part of an opt-in system that could be used to streamline aid distribution. After 9/11, Americans, and for that matter, people from across the globe, showed their patriotism, unity and compassion in a generous outpouring of support and donations. Speaking for myself and my family, we were overwhelmed with the selfless giving of time, money and love from our neighbors, friends, communities and fellow Americans.

The job of collecting and distributing the aid was not an easy one. Those agencies that stepped up to the plate and volunteered to house and give out the money might not have been fully aware of the difficult task that lay before them.

On the Tuesday before Thanksgiving 2001, I drove from Boston to New York City for a meeting with other 9/11 family members and New York Attorney General Elliot Spitzer to discuss how to streamline the aid distribution process. He suggested creating a database of 9/11 families' financial information, so that the aid organizations could review our status and decide how best to divvy up the aid.

I agreed that idea of a database was useful, but thought it should work in the opposite direction. The families needed one list of aid agencies with a common application, that told them the criteria and amount of aid each agency was offering. This way, families could fill out one form, and could then decide to which organizations they wanted their application sent. For many families, the idea of deciding which agency was able to see their information was extremely important.

Unfortunately, we were unsuccessful in creating this database. As I understood it, the aid agencies did not want to collaborate in drafting and approving a single application and did not like the opt-in idea.

The result was that families had to spend hours on the phone, or in queue at the Family Assistance Center, repeating the same information over and over again to different aid agencies. Not only was it frustrating to the families, it also led to an environment that could foster fraud. There was no way to keep track of which agency was paying which bill for a family, possibly resulting in multiple payments, whether intentional or not.

For future events requiring aid distribution, I highly recommend the opt-in, single application approach. Families have every right to know who sees their financial information, which an opt-in system provides. Using an opt-out approach assumes that every family completely understands the complicated system – after suffering a traumatic loss, this is just one more unnecessary burden to place on a grieving, overwhelmed family.

A single application is a seemingly simple, yet hard to implement process. Each aid agency uses its own, slightly modified approach, and there is no overseeing authority to make them all collaborate for the benefit of the recipients. If Congress can get them to work together now, before another event, perhaps the victims of the next catastrophe will receive an improved, more streamlined and easier to use response process.

This is an area that DHS could address. If an office of victim assistance is created, it could house a ready-to-be-deployed database that will immediately serve disaster victims. With one data collection point, families are spared the unenviable task of repeating their personal data, and are capable of monitoring aid activity for their family. This office could also develop rules and strategies for dealing with any fraud that is detected and increase family-approved information sharing among agencies and aid organizations.

The generosity demonstrated by the public towards 9/11 victims' families and survivors was tremendous and deserves to be lauded. However, the treatment of the aid after it was collected was less than perfect. We need to learn from the mistakes committed in the past to improve the process for the future.

Mom always taught Danielle and me to be accountable for our actions. If we erred in some way, we did our best to admit it, correct it, and make sure it didn't happen again. I can think of no better way to honor my mom than to apply this same standard to post-9/11 aid and response. This is why I fought so hard for the creation of the 9/11 Commission, and again for the

implementation of its recommendations, and that is why I am here today to work with you to create the best aid response we can for the future.

Thank you very much for this opportunity to speak before you. I am happy to take any questions.